BC Assessment

The Annual Performance Report for the Year 2001 and a Report on the Creation of the 2002 Assessment Roll. The Financial Statements for Year Ended December 31, 2001.

We Value BC

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VISION We will be the leading property assessment organization internationally and the first choice for property information in British Columbia.

MISSION We produce uniform property assessments that form the basis for local and provincial taxation while providing information to assist people when making real estate decisions.

VALUES We are guided by our commitment to:

- QUALITY in our products, services, and work life;
- ACCOUNTABILITY for our actions and results;
- SERVICE that is responsive and sensitive; and
- TEAMWORK in working together as one team and partnering with our clients.

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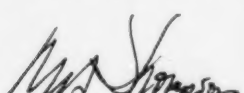
May 31, 2002

The Honourable Stan Hagen
Minister of Sustainable Resource Management
Legislative Buildings
Victoria, British Columbia V8V 1X4

Dear Minister:

On behalf of the Board of Directors, I have the pleasure to submit BC Assessment's Annual Performance Report for the Year 2001 and its Report on the Creation of the 2002 Assessment Roll.

The Financial Statements for the Year Ended December 31, 2001 in accordance with Section 21 of the *Assessment Authority Act* are also included in this report.



Mike Thompson
VICE CHAIR

Corporate Profile

BC Assessment is a provincial Crown Corporation that was incorporated in 1974 under the *Assessment Authority Act*. The mandate of BC Assessment is to establish and maintain an independent, uniform, and efficient real property assessment system throughout British Columbia in accordance with the *Assessment Act*. The Act requires that BC Assessment produce annual rolls with assessments at market value.

A new assessment roll is completed and individual assessment notices are sent to all property owners on or before December 31st of each year, based on the market value of properties as of the previous July 1st. A common valuation date provides fairness and ensures an equitable base for property taxation. The number of parcels in British Columbia is approximately 1.7 million with an actual value of over $420 billion.

The assessment roll, once certified by the assessor and authenticated by the Property Assessment Review Panel (PARP), is presented to tax jurisdictions (municipal and provincial governments) to form the basis of their tax rolls. Property valuation by BC Assessment is subject to legislated review and appeal procedures through the PARP and the Property Assessment Appeal Board (PAAB).

BC Assessment maintains an extensive and up-to-date information database on all properties in British Columbia which consistently exceeds international appraisal standards. In addition to providing information in the form of assessment rolls, BC Assessment provides accurate property and value information to: tax authorities through a program of information-sharing, property owners, municipal, provincial, and federal government agencies, realtors, appraisers, lawyers, bankers, title search companies, and others, through electronic database access and custom data services for a fee.

In 2001, BC Assessment employed approximately 689 staff in 25 offices throughout British Columbia. The organization consists of 22 assessment areas with assessment offices located throughout the province and a head office in Victoria.

Currently, BC Assessment employs 550 staff in 22 offices throughout British Columbia and is moving towards a structure based upon functional lines of responsibility and specialization of tasks. To support this new structure, Head Office divisions were realigned to: Assessment Administration; Assessment and Valuation Services; Policy, Audit and Legal Services; Corporate Services; and Community Relations and Marketing.

BC Assessment is noted internationally as a standard for assessment in regards to current market value real property assessment for taxation. In the past three years, delegations from a number of North American and International jurisdictions have consulted and visited with BC Assessment.

Products and Services:

BC Assessment has a wide variety of products and services.

BC Assessment's core product is the Assessment Roll, which is used by British Columbia's local and provincial governments to raise tax revenues.

BC Assessment also provides each real property owner with a notice of assessed value of land and improvements. Approximately 1.7 million assessment notices are sent by mail by December 31st of each year.

Commercial Products and Services

BC Assessment generated $2.8 million in revenue in 2001 from the sale of property information products and services. These products and services include access through BC Online to the published assessment roll, provision of bulk electronic assessment rolls, sales data, and residential inventory data, custom reports, and professional consulting services.

Key commercial clients include:

- Banks, credit unions, title search agencies, law offices, retailers, and consultants who use BC Assessment online property data in their daily business dealings;
- Provincial Ministries and Crown Corporations who use BC Assessment bulk and online property data to manage their own properties; and
- Corporate clients and Real Estate Boards who receive bulk assessment data and are permitted to distribute and resell it under the terms of a licencing agreement.

Property information can be obtained at www.bcassessment.bc.ca or through BC Online at www.bconline.bc.ca.

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Message from the Vice Chair

British Columbia is a richer province because of institutions such as BC Assessment. As Vice Chair of BC Assessment, I am proud to present this report on the performance of this Crown Agency. This report contains information on the quality of the 2002 Authenticated Roll against a series of performance measures.

When we say "we value BC," we infer multiple meanings to the word value. As appraisers and assessors, we estimate the market value on over 1.7 million properties throughout this province. These values are used in a fair, uniform, and equitable system that helps some 1,916 different taxing jurisdictions generate some $4 billion for local services. Of this money, $2.3 billion is generated for local government and $1.7 billion is generated for schools and provincial general revenue. Property tax provides funding for local governments (between 40 and 60 percent) and schools (approximately 30 percent). In British Columbia, roughly 7% of all provincial revenues are received each year in the form of property tax.

This revenue is to fund public services in three broad areas. Tax revenue is collected from property owners by local governments to fund a portion of the cost of provincial education services and hospital capital costs. In local governments, the $2.3 billion in property tax revenues pays for standard services such as police and fire protection, libraries, water, sewers, and roads. In rural areas, these taxes contribute a portion of provincial expenses for services such as roads and policing. For local service purposes, tax revenue is used for specified areas or purposes, such as hospital construction, regional district services, and minor taxing jurisdictions.

In my tenure as Board Vice Chair, I can assure you that we value BC in other regards. I can report staff dedication to their work that ensures an efficient system evolves and is maintained to the benefit of all stakeholders.

As a business, we value BC in terms of the trust afforded to us by the citizens who pay directly into the operation of this independent Crown Agency.

As stewards of assessment uniformity and fairness, their work reassures property owners and tax jurisdictions that revenue is derived for local services from real property that is valued with integrity and expertise.

This report details the delivery of the 2002 Assessment Roll to the highest international standards of quality. The response to the Assessment Roll this past January and February has shown wide public acceptance of Assessment Notices — again fewer than 2% of property owners have formally complained to the Property Assessment Review Panel. This is a measure that has been achieved for the past six years.

While the provision of the Assessment Roll is BC Assessment's primary function, local governments, Crown Corporations, ministries, private industry, and the general public use BC Assessment's property information for a variety of other purposes.

- Municipalities supplement their own databases with assessment data for plebiscite and utilities mailings.
- Ministries and Crown Corporations use the data to manage their own properties and to generate internal reports.

- The real estate, insurance, banking, credit union, and consulting industries use BC Assessment property data in their business activities.

It is also used federally for a number of purposes, and the Assessment Roll generally provides an essential link in the provision of services and in business activities at all levels.

In the past year, I have been personally pleased to see that BC Assessment's custom reports are benefiting communities from which this data is gathered. There has been a marked increase in the consumption of these quality reports for local purposes. In this way too, we value, and return value to BC.

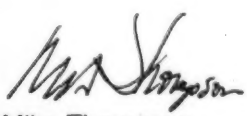
In leadership, management, and the face-to-face delivery of assessment products and services throughout British Columbia, service, as always, boils down to the dedication and expertise of each employee.

It is recognized that the growth of each person is important to them personally and to society as a whole. Individual efforts, as part of the greater team and part of the wider community, have taken BC Assessment into in-depth operational reviews, closer partnerships with the public and private sectors, and new areas of human resource leadership, which demonstrate that each individual staff member values BC.

Being part of the culture that has nurtured this evolvement gives me a great sense of pride and I am pleased to have witnessed individuals thrive in such an environment. I have every confidence that this Corporation can deal with changing client expectations and the challenges and opportunities of demographics with training, technology, and spirit. BC Assessment and its staff will face the challenges of Roll growth, improved technology, and the demand for more innovative products from an exceptional database. I invite you to read of more examples of an ever improving and evolving BC Assessment in this report.

In closing, the Board expresses its appreciation to all staff who provided excellent support during this past year. Your valuing BC, by all measures, has been excellent and I offer you our thanks and congratulations for a job well done. I would be remiss if I did not commend BC Assessment's Executive for its operational abilities in implementing our policies and showing leadership in this time of change.

It is particularly important to me to thank my colleague Board Members who have developed the vision for BC Assessment. Their leadership has developed a culture that is based on quality, accountability, service, and teamwork. Thank you to Terri Barge, Manga Basi, Eric Charman, and Deanna Hamilton for their dedication and service to the Board of Directors for BC Assessment and to prior members, Darshun Gill, Ken McRae, Rose Calderon, Joy Lin Salzberg, Linda Rowan, and the late John Cheetham, and past Chair, David Driscoll, for their contributions to BC Assessment.



Mike Thompson
BOARD VICE CHAIR, ON BEHALF OF BOARD MEMBERS

Message from the Chief Executive Officer

This past year has been a year of transition, and new beginnings. BC Assessment appeared before the Core Review and Deregulation Task Force on November 13, 2001. Through this Core Services Review, BC Assessment has developed a Service Plan (available at our public website at www.bcassessment.bc.ca) for the next three years to reflect the strategic direction of government. BC Assessment developed this plan by considering our contributions to British Columbia's economic and social development. These contributions are consistent with the government's vision and strategic plan.

Looking back at 2001, BC Assessment instituted numerous initiatives and strategic changes that were endorsed by the Core Services Review. Through these changes, BC Assessment will protect and guarantee core competencies. BC Assessment will produce and defend assessment rolls throughout the province and provide information to people to assist them in decisions that affect real property. As staffing levels have been reduced by 20%, new ways of doing business must be introduced to ensure the continued production of high quality assessment rolls.

The Assessment Roll is our core business, and I am happy to report that once again BC Assessment has exceeded international quality standards on this important product. A measure of the acceptance of the Assessment Roll is the number of complaints by the public to the Property Assessment Review Panel. The complaints by residential property owners were less than two percent of all properties in British Columbia this year.

This low level of complaints is due to the excellent valuation of properties by staff as well as pre-roll production consultation, consultation with other Crowns, Ministries, and Government Agencies, and working closely with government and the Property Assessment Appeal Board to streamline the appeal process.

In 2001, Continuous Improvement Measures were introduced to reflect BC Assessment's commitment to results measurement. This important tool will create the positive personal and organizational benefits that results measurement has created in many other organizations.

BC Assessment has worked closely with the University of British Columbia to develop a new Assessment and Appraisal Program. This program will be offered through UBC's Real Estate Division and is designed to meet knowledge requirements for both appraisal and assessment. This will ensure an educational base for future employees as a large portion of our current workforce enters retirement.

BC Assessment continues to support CivicInfo BC, the local government information sharing website. This important information source contains contact information for local governments, current news and events listings, job postings and descriptions, bylaws, policies and procedures, reports, manuals, and links to other sites of interest. BC Assessment is proud to be a founding partner of CivicInfo BC.

BC Assessment continues with its commitment to Corporate Social Responsibility, through customer service plans; public information campaigns; consultation with industry, government, ethnic media; First Nations and community groups; health, wellness, and safety programs; outreach and recruitment plans; multiculturalism initiatives; pay equity; succession planning; training and education supports; waste reduction and environmental programs; and volunteer work. Once again, BC Assessment made a major commitment to the United Way, through staff donations as well as participating in the Loaned Representative Program.

The Operational Review implementation made significant advances in 2001, and there is a commitment to implement the efficiencies of these projects in 2002. In addition, BC Assessment embarked upon a benchmarking initiative in 2001 in order to uncover best business practices to achieve higher levels of performance. Benchmarking projects are based on BC Assessment's operational processes. Processes that were benchmarked were valuation, roll audit, and roll defense.

Pilot projects were begun to use specialized teams for valuation of certain types of properties, such as shopping malls, hotels, golf courses, and care homes. The pilot research focused on measuring both direct impacts and benefits, such as cost per folio and roll defense, and indirect issues such as job satisfaction and client relations. These successful pilot projects provided the foundation for our current specialization initiatives today.

A highlight of 2001 was the International Association of Assessing Officers (IAAO) awarding BC Assessment with the Distinguished Assessment Jurisdiction Award for 2001 at its 67th Annual International Conference on Assessment Administration in Miami in September. This Award is conferred upon a national, state/provincial, regional or local assessment agency that has instituted a technical, procedural, or administrative program that is an improvement over prior programs. BC Assessment is "generally recognized as a model assessment system and a contributing factor to equity in property taxation" according to IAAO publications. BC Assessment also received the IAAO public Information Program Award for 2001.

In 2001, BC Assessment provided assessment rolls to 48 First Nation Bands across the province. On an annual basis, BC Assessment meets with the Indian Taxation Advisory Board (ITAB) and First Nations tax administrators to exchange information and provide opportunities for questions and answers.

BC Assessment has adopted the province's commitment to open government by providing more information to the public on our data, practices, and assessment policies. The new Information Systems Plan (ISP) is being developed and implemented to meet the changing needs of BC Assessment. It meets the needs of not only employees, but also external stakeholders. It will ensure that our information systems are able to support the anticipated growth in the number of properties in the province. The ISP will provide the road map for our new information system in the future, as well as provide the direction to guide information systems' activities and expenditures. This plan

identifies and prioritizes the projects that will be undertaken from 2002 to 2006. It will be used to direct the phased implementation activities to migrate from the current information systems to the future.

In British Columbia, and the world, economies are shifting from traditional resource assets to knowledge assets. This requires employees that are educated, self-directed, and internalize values that emphasize personal growth, development, and greater opportunities for decision-making. BC Assessment in the future will create better jobs to allow employees to develop their skills, talents, intellect, and capacities to meet the global challenge of a knowledge-based economy.

I would like to extend my thanks and appreciation to all the staff at BC Assessment. Your dedication and perseverance in these times of change reflect the commitment to quality at BC Assessment. I would also like to thank my Executive Team, Connie Fair, Ed Norman, Stewart Wells, and Nancy Consaul. I would also like to thank John Robinson for his contributions to BC Assessment, as he has recently retired.

Finally, I would like to extend my thanks and gratitude to the Board of Directors for their leadership in governance and policy direction. Their dedication to the vision and values of BC Assessment provides the foundation for the long-term success of this Crown Agency. And last, but not least, I would like to thank all of our stakeholders and customers. It is through these partnerships that BC Assessment will continue to meet the challenges of the future.

We value BC!

Thank you,

Doug Rundell
CHIEF EXECUTIVE OFFICER
AND ASSESSMENT COMMISSIONER

Year in Review

During 2001, a new mandate was confirmed for BC Assessment by the Core Review and Deregulation Task Force. This new mandate requires BC Assessment to "think outside the box" to develop an assessment organization that can compete in the new global knowledge economy. This new face of BC Assessment will involve restructuring and streamlining of services to better meet the needs of customers. It also involves ensuring that taxpayer dollars are directed to the highest priorities and that they receive the best value for service.

As we strive to better serve property owners, local governments, and customers, several key initiatives were advanced during 2001.

Several e-commerce initiatives were piloted during 2001, including electronic delivery of the Assessment Notice through a partnership with *epost*. For the first time, property owners had the option of looking up property values online, through the BC Assessment web site.

To better support the demands of the future, BC Assessment developed a comprehensive Information Systems Plan (ISP) in 2001, that will guide the direction of the organization's systems development over the next several years. The ISP will also improve data quality and access to data for internal and external clients.

BC Assessment continued to uphold its international reputation throughout 2001. BC Assessment received the Distinguished Assessment Jurisdiction Award from the International Association of Assessing Officers (IAAO) award at the 67th Annual International Conference on Assessment Administration.

Throughout the latter part of 2001, BC Assessment developed an organizational plan to support a new business delivery model and a companion workforce adjustment program to ensure we met staffing targets and that staff were treated fairly, with consideration, and due process.

During 2001, significant steps were made in preparing BC Assessment for the future.

Performance Planning

BC Assessment's performance planning process includes both long-term and short-term elements.

Long-term direction is provided by the Service Plan. The Service Plan is developed through a comprehensive strategic corporate planning process. Built into the planning process is a comprehensive review and analysis by the Board of Directors, senior management, and staff. The Service Plan reflects the trends and issues facing the organization, and serves as the basis for the annual corporate planning.

Five corporate goals guided BC Assessment's activities in 2001:

Product Quality:
Our products will be of the highest quality.

Customer Service:
To provide a level of service that exceeds our customers' expectations.

Fiscal Responsibility:
To reduce the average cost of assessment per folio to allow more service to the public.

Human Resources Leadership:
To foster a climate that encourages personal growth, continuing corporate success, workforce diversity, and commitment to our shared vision.

Community and Social Responsibility:
To help strengthen the communities we serve and to enhance the social and economic environment of British Columbia.

The short-term element of the planning process is expressed in the Annual Plan. It contains specific actions and desired results that will assist the organization in fulfilling its goals for the year.

Both documents are revised annually to reflect changes in stakeholder needs, organizational capacity, and emerging priorities.

PRODUCT QUALITY - Our products will be of the highest quality.

By a number of international and internal measures, Assessment Roll quality in 2002 matched that of previous years. The tables in this section show comparisons of BC Assessment's product against international quality standards.

BC Assessment completed formal benchmarking of its operational and assessment processes, costs, and quality against other public and private organizations. Findings from this exercise highlighted the need to move the organization towards a new structure, and significant planning towards implementing those changes was undertaken.

In addition to meeting current quality measures, in upcoming years BC Assessment will continue to benchmark its operational and assessment processes, costs, and quality against other public and private organizations.

ASSESSMENT ROLL QUALITY - The 2002 Assessment Roll Quality Report is a detailed statistical analysis demonstrating the accuracy and uniformity of the Assessment Roll.

The Assessment-to-Sales Ratio (ASR) is calculated by dividing the assessed value (as determined by BC Assessment) of a property that has sold by its actual selling price, then expressing the result as a percentage. A property with an assessed value of $243,000 that sold for $250,000, for example, would have an ASR of 97.2 per cent.

The International Association of Assessing Officers (IAAO) has set the median ASR standard between 90 and 110 per cent. BC Assessment has set a target of 97 per cent for the median ASR.

The Coefficient of Dispersion (COD) measures how closely a group of numbers is clustered around its median, or middle number. The lower the COD, the better the product.

The COD standard set by the IAAO is under 15 per cent for homogeneous regions and under 20 per cent for heterogeneous regions. BC Assessment has set targets of under 10 per cent and under 15 per cent respectively.

The Price-Related-Differential (PRD) measures the progressivity or regressivity of assessments. Assessments are said to be regressive if high-value properties are under-assessed relative to low-value properties. Assessments are progressive if high-value properties are over-assessed. Progressivity or regressivity result in an inequitable distribution of the tax burden.

Quality Assessment Rolls should show no sign of regressivity or progressivity. In other words, high-value and low-value properties should be assessed uniformly.

The IAAO standards for the PRD is between 0.98 and 1.03. A PRD under 0.98 indicates progressivity; over 1.03 indicates regressivity. BC Assessment has adopted the IAAO standard for the PRD.

BC Assessment has met these quality measurement targets for the 2002 Assessment Roll.

Roll Quality – 2002 Completed Roll

SINGLE FAMILY RESIDENTIAL PROPERTY

JURISDICTION TYPE	SALES (APR-SEPT)	MEDIAN ASR	COD	PRD
All Jurisdictions	27,884	96.5%	5.3%	1.008
City	16,197	96.6%	5.1%	1.006
District	7,787	96.4%	5.1%	1.010
Town	878	97.0%	5.6%	1.008
Village	411	96.8%	7.3%	1.021
Rural	2,611	96.3%	7.7%	1.016

VERTICAL ANALYSIS

CATEGORY	SALES (APR-SEPT)	MEDIAN ASR	COD	PRD
Low End Housing	8,991	96.7%	6.1%	1.010
Mid Range Housing	17,964	96.5%	4.9%	1.006
High End Housing	893	96.0%	5.8%	1.010

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ROLL PROFILE - 2001/2002 VALUE COMPARISON - Net taxable values for general purposes for all property in British Columbia increased by 2.34 per cent from 2001 to 2002.

Actual and Net General Taxable Values – Comparison 2001*/2002

PROPERTY CLASS	2001 ACTUAL VALUE ($ MILLIONS)	2002 ACTUAL VALUE ($ MILLIONS)	CHANGE ($ MILLIONS)	CHANGE PER CENT	2001 NET GENERAL ($ MILLIONS)	2002 NET GENERAL ($ MILLIONS)	CHANGE ($ MILLIONS)	CHANGE PER CENT
1 - Residential	289,464	295,474	6,010	2.03	275,789	282,505	6,716	2.38
2 - Utility	16,371	16,653	282	1.69	4,124	4,094	-30	-0.73
3 - Unmanaged Forest	56	71	15	21.13	51	55	4	7.27
4 - Major Industry	5,583	5,418	-165	-3.05	4,637	4,547	-90	-1.98
5 - Light Industry	4,498	4,645	147	3.16	4,124	4,316	192	4.45
6 - Business/ Other	80,783	82,855	2,072	2.50	48,274	49,631	1,357	2.73
7 - Managed Forest	1,015	1,032	17	1.65	1,015	1,032	17	1.65
8 - Recreational/ Non-Profit	11,174	12,621	1,447	11.47	1,002	1,002	0	0.00
9 - Farm	1,308	1,306	-2	-0.15	1,293	1,290	-3	-0.23
TOTAL	**410,252**	**420,075**	**9,823**	**2.34**	**340,309**	**348,472**	**8,163**	**2.34**

*Includes supplementary and Property Assessment Appeal Board changes up to March 21, 2002

PROPERTY CLASS DISTRIBUTION - 2002 Authenticated Roll - In British Columbia, 87.26 per cent of all properties are classified residential. In 2002, less than one per cent of residential property owners requested a review of their property assessments.

Note: Occurrences will exceed the total number of individual properties in the province since a property may have one or more property classes.

Property Class Distribution – 2002 Authenticated Roll

PROPERTY CLASS	OCCURRENCES	PERCENTAGE
1 - Residential	1,524,105	87.26
2 - Utility	15,159	0.87
3 - Unmanaged Forest	867	0.05
4 - Major Industry	6,879	0.39
5 - Light Industry	17,167	0.98
6 - Business/Other	106,263	6.08
7 - Managed Forest	3,976	0.23
8 - Recreational/Non-Profit	14,501	0.83
9 - Farm	57,695	3.30
TOTAL	**1,746,612**	**100.00**

ROLL PROFILE - 2001/2002 VALUE COMPARISON - Net taxable values for general purposes for all property in British Columbia increased by 2.34 per cent from 2001 to 2002.

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NEW CONSTRUCTION AND DEVELOPMENT - Total taxable value in new construction and development in 2002 was $5.8 billion. This figure indicates a nine per cent increase from the 2001 figure of $5.3 billion.

New Construction and Development*

PROPERTY CLASS	REGION 1	REGION 2	REGION 3	TOTAL 2002	TOTAL 2001
1 - Residential	$ 732,488,303	$ 2,776,235,306	$ 756,592,811	$ 4,265,316,420	$ 3,843,195,719
2 - Utilities	$ 47,174,395	$ 2,661,250	$ (25,474,858)	$ 24,360,787	$ 148,441,021
3 - Unmanaged Forest	$ (559,000)	$ (2,190,600)	$ 1,042,750	$ (1,706,850)	$ 3,262,000
4 - Major Industry	$ 26,161,100	$ 34,684,600	$ 10,170,200	$ 71,015,900	$ 88,694,000
5 - Light Industry	$ 56,132,735	$ 80,317,607	$ 11,091,850	$ 147,542,192	$ 462,188,683
6 - Business/ Other	$ 231,487,865	$ 936,744,622	$ 214,066,233	$ 1,382,328,720	$ 762,177,818
7 - Managed Forest	$ (26,427,900)	$ (919,300)	$ 664,054	$ (26,683,146)	$ 33,676,323
8 - Recreational/ Non-Profit	$ (98,750)	$ (41,734,300)	$ 6,962,078	$ (34,870,972)	$ (2,954,686)
9 - Farm	$ (3,132,791)	$ (461,200)	$ 210,667	$ (3,383,324)	$ (3,026,693)
Total	**$ 1,063,225,957**	**$ 3,785,367,985**	**$ 975,325,785**	**$ 5,823,919,727**	**$ 5,335,654,185**

*Data as of 2002 Completed Roll, December 31, 2001

NEW CONSTRUCTION AND DEVELOPMENT - Total taxable value in new construction and development in 2002 was $5.8 billion. This figure indicates a nine per cent increase from the 2001 figure of $5.3 billion.

New Construction and Development*

PROPERTY CLASS	REGION 1	REGION 2	REGION 3	TOTAL 2002	TOTAL 2001
1 - Residential	$ 732,488,303	$ 2,776,235,306	$ 756,592,811	$ 4,265,316,420	$ 3,843,195,719
2 - Utilities	$ 47,174,395	$ 2,661,250	$ (25,474,858)	$ 24,360,787	$ 148,441,021
3 - Unmanaged Forest	$ (559,000)	$ (2,190,600)	$ 1,042,750	$ (1,706,850)	$ 3,262,000
4 - Major Industry	$ 26,161,100	$ 34,684,600	$ 10,170,200	$ 71,015,900	$ 88,694,000
5 - Light Industry	$ 56,132,735	$ 80,317,607	$ 11,091,850	$ 147,542,192	$ 462,188,683
6 - Business/ Other	$ 231,487,865	$ 936,744,622	$ 214,066,233	$ 1,382,328,720	$ 762,177,818
7 - Managed Forest	$ (26,427,900)	$ (919,300)	$ 664,054	$ (26,683,146)	$ 33,676,323
8 - Recreational/ Non-Profit	$ (98,750)	$ (41,734,300)	$ 6,962,078	$ (34,870,972)	$ (2,954,686)
9 - Farm	$ (3,132,791)	$ (461,200)	$ 210,667	$ (3,383,324)	$ (3,026,693)
Total	**$ 1,063,225,957**	**$ 3,785,367,985**	**$ 975,325,785**	**$ 5,823,919,727**	**$ 5,335,654,185**

*Data as of 2002 Completed Roll, December 31, 2001

CUSTOMER SERVICE: To provide a level of service that exceeds our customers' expectations.

In 2001, BC Assessment fulfilled its commitment to improve electronic access to information by the public.

All public information supporting the release of the 2002 Assessment Notice was coordinated into a single area on the BC Assessment public website at www.bcassessment.bc.ca. To further improve electronic access to information by the public, BC Assessment piloted Assessments by Address as a search function on the public web site, in addition to having print copies available at libraries, municipal halls, government agencies, and area offices.

BC Assessment piloted a second electronic project for the 2002 Assessment Notice. For the first time, a select group of property owners had the option of receiving their Notice electronically, through *epost*. This project will be expanded to include all property owners for the 2003 Assessment Notice. By providing the option of receiving Assessment Notices electronically, BC Assessment is responding to customer expectations.

Each Area Office has a dedicated page on the main web site, where property owners can find area specific information. This includes an Area News Release with information such as year-to-year values on typical houses and a general explanation of how the market value of different property types was determined, as well as contact information and related links.

In 2002, more than 1.7 million property owners received an Assessment Notice and Assessment Notice Insert. The Insert provides information on the assessment complaint process, answers common questions, and guides property owners on how to receive additional information.

SUMMARY OF COMPLAINTS – The most important measure of public acceptance of the Assessment Roll is the number of complaints to the Property Assessment Review Panel (PARP). Total public complaints for 2002 were down from 2001.

COMPLAINTS TO THE PROPERTY ASSESSMENT REVIEW PANEL

Total Public Complaints

	# OF COMPLAINTS	TOTAL PROPERTIES	% COMPLAINED
1993	49,085	1,396,775	3.5
1994	40,209	1,431,348	2.8
1995	33,386	1,480,233	2.3
1996	32,030	1,515,030	2.1
1997	25,498	1,539,014	1.7
1998	28,497	1,567,771	1.8
1999	27,322	1,602,149	1.7
2000	17,565	1,623,284	1.1
2001	22,941	1,639,111	1.4
2002	20,137	1,653,323	1.2

Residential Property Complaints

	# OF COMPLAINTS	TOTAL PROPERTIES	% COMPLAINED
1993	32,287	1,291,054	2.5
1994	25,619	1,326,215	1.9
1995	21,437	1,371,558	1.6
1996	20,123	1,403,601	1.4
1997	14,495	1,425,469	1.0
1998	16,793	1,451,267	1.2
1999	16,715	1,482,434	1.1
2000	10,469	1,502,005	0.7
2001	12,961	1,513,878	0.9
2002	9,262	1,524,105	0.6

Business/Other Property Complaints

	# OF COMPLAINTS	TOTAL PROPERTIES	% COMPLAINED
1993	6,440	81,786	7.8
1994	4,877	83,661	5.8
1995	5,909	87,432	6.8
1996	5,589	90,627	6.2
1997	5,368	93,619	5.7
1998	5,631	96,801	5.8
1999	5,579	100,132	5.6
2000	4,066	101,381	4.0
2001	6,828	103,888	6.6
2002	7,679	106,263	7.2

APPEAL STATISTICS 1993 - 2002 – At the end of December 2001, BC Assessment produced the 2002 Completed Assessment Roll. The deadline for requesting a review was January 31, 2002. During the six week period from February 1 to March 15, 2002, the Property Assessment Review Panel (PARP) heard 20,137 public complaints.

The Authenticated Roll is produced after March 15 and includes the value changes made by the PARP. Appeals from the PARP are heard by the Property Assessment Appeal Board (PAAB). The statistics below show summary results of the appeals.

Appeal Statistics 1993 - 2002

ROLL YEAR	FOLIO COUNT	PUBLIC COMPLAINTS TO PARP (# OF FOLIOS)	PERCENT OF FOLIOS APPEALED	TOTAL ACTUAL VALUE COMPLETED ROLL ($ MILLIONS)	TOTAL ACTUAL VALUE AUTHENTICATED ROLL ($ MILLIONS)	PERCENT CHANGE AFTER PARP	TOTAL NET GENERAL VALUE COMPLETED ROLL ($ MILLIONS)	TOTAL NET GENERAL VALUE AUTHENTICATED ROLL ($ MILLIONS)	PERCENT CHANGE AFTER PARP	APPEALS TO PAAB
1993	1,396,776	49,085	3.51	306,423	304,969	-0.47	257,860	256,121	-0.67	1,701
1994	1,433,398	40,209	2.81	343,810	343,194	-0.18	290,818	290,110	-0.24	1,976
1995	1,480,233	33,386	2.26	373,674	373,550	-0.03	313,670	312,981	-0.22	1,286
1996	1,515,030	32,030	2.11	384,687	384,283	-0.11	322,034	321,440	-0.18	1,238
1997	1,539,014	25,498	1.66	395,869	395,219	-0.16	329,297	328,692	-0.18	1,072
1998	1,567,771	28,497	1.82	407,735	406,899	-0.21	340,068	339,209	-0.25	1,555
1999	1,602,149	27,322	1.71	403,673	402,996	-0.17	335,203	334,459	-0.22	971
2000	1,623,284	17,565	1.08	403,223	402,397	-0.20	334,851	334,023	-0.25	820
2001	1,639,111	22,941	1.40	410,811	410,357	-0.11	341,109	340,439	-0.20	1,071
2002	1,653,323	20,137	1.22	420,589	420,074	-0.12	349,201	348,472	-0.21	

PERCENTAGE CHANGE TO GENERAL ASSESSED VALUES - The following table shows the percentage change to assessed values on the 2002 Assessment Roll due to changes through the 2002 PARP. For all jurisdictions, the amount of change was $728.9 million out of a total of $349,201 million (a change of -0.21 per cent).

Percentage Change to General Assessed Values Based on 2002 PARP Decisions

JURISDICTION TYPE	PERCENTAGE CHANGE
All Jurisdictions	-0.21
City	-0.21
District	-0.16
Town	-0.17
Village	-0.11
Rural	-0.32

Assessment Services to First Nations - BC Assessment provided assessment services on a contract basis for 48 First Nations.

FISCAL RESPONSIBILITY: To reduce the average cost of assessment per folio to allow more service to the public.

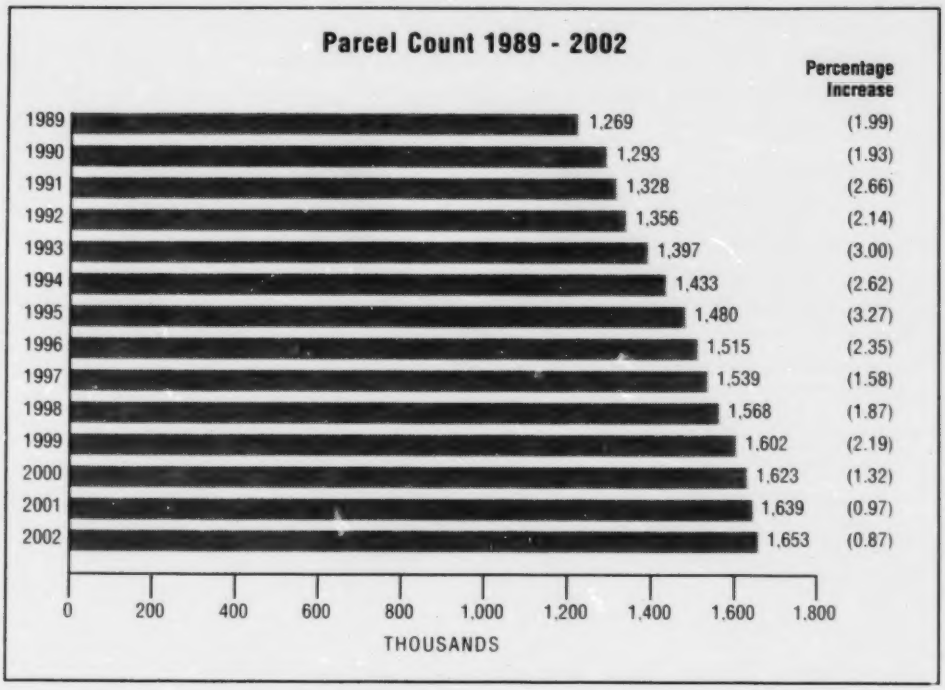
Over the course of 2001, BC Assessment continued to work on reducing the average cost of assessment per folio. Some activities included:

- BC Assessment absorbed new property growth over 2001 while maintaining current staffing levels.
- BC Assessment began implementing efficiencies that were identified in the Operational Review process, and will complete this process in 2002.
- As part of an ongoing strategy to reduce annual mainframe computer processing costs, BC Assessment renegotiated the contract and reduced the costs from $2.2 Million in 1997 to $1.4 million in 2001.
- The Information Systems Plan was developed and delivered to the Executive by the end of 2001.

Targets in upcoming years include continuing to reduce computer processing costs, increasing revenue from our marketed products, and implementing the Information Systems Plan.

PARCEL COUNT - In 2002, BC Assessment issued assessment notices for 1,653,323 properties in British Columbia - 14,212 more than in 2001. This parcel increase of 0.87 per cent is the smallest increase in over ten years.

Over the previous ten years, the number of parcels (properties) has increased an average of 2.06 per cent in the province. This equates to adding a community the size of Kelowna or Coquitlam to the assessment base annually.



HUMAN RESOURCES LEADERSHIP: To foster a climate that encourages personal growth, continuing corporate success, workforce diversity, and commitment to our shared vision.

Building leadership capacity within the organization continues to be a top priority for BC Assessment. Ensuring that both our managers and our employees are skilled and capable will support achievement of our corporate goals. BC Assessment, in partnership with Royal Roads University, developed and began implementation of a Leadership Training program for all BC Assessment managers. During 2001, 25 senior managers took part in the training program. This program will be completed by all managers within the organization over the next two years.

BC Assessment developed leadership competencies to integrate its recruitment and employee development programs for key positions. Behavioural based interviewing was also introduced to increase the effectiveness of its selection processes. Outreach activities to educational institutions, First Nations, ethno-cultural, and disability groups continued, with BC Assessment staff attending outreach events and career fairs. BC Assessment also provided student/youth placements in 2001.

COMMUNITY AND SOCIAL RESPONSIBILITY: To help strengthen the communities we serve and to enhance the social and economic environment of British Columbia.

Throughout 2001, BC Assessment worked closely with local communities on a number of fronts. Initiatives included:

- hiring 79 students and highlighting those student placements in staff and stakeholder communications;
- providing custom reports for local government, with 80 requests processed in 2001; and
- ensuring that property owners in British Columbia could access their information. The Assessment Notice Insert was translated into 12 high-demand languages, and copies were made available through Area Offices and BC Assessment's public website at www.bcassessment.bc.ca. Through the use of an internal volunteer language skills bank, BC Assessment staff were able to respond to assessment questions from the public in a variety of languages.

BC Assessment continued to provide sponsorship support to a variety of groups in British Columbia, including CivicInfo BC (a local government information exchange website), the Union of British Columbia Municipalities, and the Local Government Manager's Association. In addition, linkages were maintained and enhanced with Royal Roads University, the Ministry of Sustainable Resource Management, First Nations, and the private sector.

BC Assessment

Audited Financial Statements of British Columbia Assessment Authority Year Ended December 31, 2001

We Value BC

Management Discussion and Analysis

BC Assessment's mandate is clearly set out in governing legislation:

> "The purpose of the authority is to establish and maintain assessments that are uniform in the whole of British Columbia in accordance with the *Assessment Act*."
>
> Section 9, *Assessment Authority Act*

In 2001, BC Assessment produced annual market value assessment rolls and notices for over 1.7 million properties in British Columbia. The assessment rolls provide an independent, fair, and equitable tax base from which local governments and the provincial government raise approximately $4 billion in property taxes. Of this money, $2.3 billion is collected for local government and $1.7 billion is collected for schools and provincial general revenue.

The market value property assessment system is very stable. Stable assessments give local government and the province a secure base on which to apply tax rates. Less than 25 cents of every $100,000 in tax revenue is refunded as a result of appeals or changes to the assessment roll. Property assessments form the basis of distributing property tax for 1,916 different taxing jurisdictions. In addition, BC Assessment has contracts to perform assessment services for 48 of the 51 First Nations that have authority to levy property taxes.

BC Assessment is funded through property tax levies. Each year, BC Assessment imposes and levies a tax upon all taxable property in the province (with some exemptions). There were small changes to tax rates for some property classes to bring the BC Assessment tax rates more in line with the tax policy of the Provincial Government. However, overall, there was no tax increase for property owners in British Columbia.

BC Assessment funds the costs of the appeal process through the Ministry of Community, Aboriginal, and Women's Services (MCAWS), but does not receive any grants from the government. Under subsection 17(2) of *the Assessment Authority Act,* BC Assessment's annual tax levies are to be at rates sufficient to maintain the operating fund. The operating fund is the total amount required to meet the annual operating and capital expenses of BC Assessment and the cost of complaints and appeals to the Property Assessment Review Panels (PARP) and the Property Assessment Appeal Board (PAAB).

Under subsection 20(5) of the Assessment Authority Act, BC Assessment may, "until receipt of the proceeds of the taxes...borrow an amount not exceeding the proceeds of the taxes...and the loan must be repaid from the proceeds of the taxes." The Ministry of Finance acts as the fiscal agent of BC Assessment.

Corporate Performance and the External Business Environment

For the 2001 fiscal year, all strategic goals and targets as outlined in the 2001-2005 Performance Plan were on schedule. BC Assessment is recognized as a model assessment organization. In 2001, BC Assessment was awarded the Distinguished Assessment Jurisdiction Award by the International Association of Assessing Officers (IAAO). This International Award is given to an assessment agency that has instituted a technical, procedural, or administrative program that is an improvement over prior programs. BC Assessment is performing very well, and will continue to improve. In terms of financial performance, BC Assessment ended the year favorable to budget.

For BC Assessment, the external business environment is the residential and commercial real estate market. This market can be characterized as an ongoing stable market with mostly static values. However, there has been some activity in certain geographic locations, such as Whistler, and with some types of properties, especially waterfront properties. The number of properties that BC Assessment values increased again, while staff levels have remained constant. The levy was set to raise $60 million from existing taxpayers and $1 million from new construction.

Highlights of key results of operations and changes in financial conditions for 2001 compared to 2000 are as follows:

- BC Assessment experienced an excess of revenue over expenditure for the year 2001 of $1.9 million compared to $4.1 million in 2000.
- The approved staffing level remained at 689 full time equivalents.
- A three-year collective agreement, commencing in 2001, was successfully negotiated between BC Assessment and the Canadian Union of Public Employees (C.U.P.E.) Local 1769.
- BC Assessment supported the Provincial Government's Youth Employment initiative by hiring 79 students in 2001 and 63 in 2000.
- Properties in British Columbia increased for the 2002 Assessment Roll to 1,653,323 from 1,639,111 for the 2001 Assessment Roll.

Key Financial and Operating Statistics

Statement of Revenue and Expenditure (thousands of dollars)	YEAR ENDED DECEMBER 31				
	2001	2000	1999	1998	1997
Revenue:					
Tax levies	62,271	61,267	60,366	59,376	58,201
Interest and other revenue	3,406	3,982	4,276	3,139	2,977
	65,677	65,249	64,642	62,515	61,178
Expenditures	63,786	61,163	62,644	61,797	59,943
Excess of revenue over expenditures	1,891	4,086	1,998	718	1,235
Approved number of regular FTE	689	689	685	685	685

Major Challenges and Opportunities facing BC Assessment

The major challenges and opportunities facing BC Assessment can be categorized under the following topics.

Changing Client Expectations

BC Assessment's customers continually increase their expectations for products, services, and assessment roll quality. Local governments and taxpayers are placing higher demands on the assessment roll with regard to uniformity, consistency, and accuracy. The provincial government has increasing expectations and requirements of Crown corporations. For BC Assessment, these include reporting its financial participation in the funding of other activities, overview of strategic planning and performance monitoring and making these documents available to the public, and advancement of broader social and economic development objectives. In meeting these expectations, BC Assessment must ensure that the independence of the assessment function continues to be preserved.

Demographics and Succession Planning

The population demographics for British Columbia indicate an aging population. This is reflected in the workforce of BC Assessment and over the next five years a large number of staff will be retiring. The projected number of retirements creates several important challenges and opportunities and highlights the need for the current succession-planning program.

Changing Staff Expectations

In today's workplace, employees expect meaningful work, empowering and wellness initiatives, positive leadership, and growth in learning. There is also a continuing expectation for flexible scheduling.

Financial Constraints

Given the fact that BC Assessment is reliant on property taxation revenues for the largest part of its revenues, BC Assessment is subject to fiscal constraints and must become increasingly more efficient and effective in its operation. The current operational review will assist in providing the means to meet this objective. The number of properties that must be assessed annually will continue to grow. BC Assessment is committed to accurately valuing these new properties with the current staff complement.

Training

The changing expectations of our clients require staff training that is high in quality, provides mentoring and support, is timely, and is effective. The recently developed training plan provides the direction for current and future training needs at BC Assessment.

Technology

Technological change is continuing to impact the assessment field. It is creating opportunities for greater efficiency as well as challenges in terms of capital costs and staff training.

First Nations Issues

First Nations of British Columbia are moving toward more self-governance. Property taxation will become increasingly important, and this will create opportunities for BC Assessment to strengthen and expand its relations with First Nations. Services that can be provided will include consultation, assessment, and related products.

Communication

Improving communication is an important key to the relationship between BC Assessment and our clients, as well as an important operational issue between offices and departments. BC Assessment provides information to the public through the internet by a home web page (www.bcassessment.bc.ca), support for a comprehensive local government information sharing site, CivicInfoBC (www.civicinfo.bc.ca), by BC OnLine (www.bconline.gov.bc.ca), and through various publications and reports. Information on property assessments is provided at all the Area Offices throughout the province in several languages on request.

British Columbia Assessment Authority
Statement of Management Responsibility

The financial statements of the British Columbia Assessment Authority ("BC Assessment") for the year ended December 31, 2001 have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied and appropriate in the circumstances. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized in the notes to financial statements. The Auditor General of British Columbia, the external auditor of BC Assessment, has performed an independent audit of the financial statements of BC Assessment in accordance with generally accepted auditing standards. The Auditor's Report outlines the scope of this independent audit and his opinion on the financial statements of BC Assessment.

Management depends upon a system of internal accounting controls that provides reasonable assurance, on a cost-effective basis, that the financial information is reliable and accurate. This system, which includes formal written policies and procedures, is monitored through the performance of an internal audit program. Internal audit independently evaluates the effectiveness of internal controls and reports findings to management.

The Audit and Finance Committee of the Board meets periodically with management and the external auditors.

Doug Rundell
CHIEF EXECUTIVE OFFICER
ASSESSMENT COMMISSIONER

Connie Fair
EXECUTIVE DIRECTOR
CORPORATE SERVICES

Report of the Auditor General of British Columbia

To the Board of Directors of the
British Columbia Assessment Authority, and

To the Minister of Sustainable Resource Management,
Province of British Columbia

I have audited the balance sheets of the *British Columbia Assessment Authority* as at December 31, 2001 and the statements of revenue and expenditure, equity and cash flows for the year then ended. These financial statements are the responsibility of BC Assessment's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the *British Columbia Assessment Authority* as at December 31, 2001 and the results of its operations and its cash flows for the year ended in accordance with Canadian generally accepted accounting principles.

Wayne Strelioff

Victoria, British Columbia
March 6, 2002

Wayne Strelioff, CA
AUDITOR GENERAL

British Columbia Assessment Authority

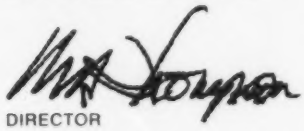
Balance Sheet

December 31, 2001, with comparative figures for 2000

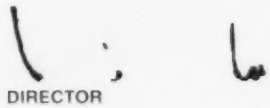
(thousands of dollars)	2001	2000
Assets		
Current assets:		
Cash and cash equivalents	$ 15,581	$ 13,408
Accounts receivable	764	1,746
Prepaid expenses	413	138
	16,758	15,292
Capital assets (note 2)	6,580	6,790
	$ 23,338	$ 22,082
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 5,063	$ 6,127
Current portion of long-term liabilities	768	187
	5,831	6,314
Long-term liabilities:		
Employees' past benefits	128	176
Employees' future benefits	1,505	1,609
	1,633	1,785
Equity:		
Equity in capital assets	6,580	6,790
Equity from operations - appropriated (note 3)	8,000	6,100
Equity from operations - unappropriated	1,294	1,093
	15,874	13,983
Contingent liability (note 7)		
	$ 23,338	$ 22,082

See accompanying notes to financial statements.

On Behalf of the Board:



DIRECTOR



DIRECTOR

British Columbia Assessment Authority

Statement of Revenue and Expenditure

Year ended December 31, 2001, with comparative figures for 2000

(thousands of dollars)	2001	2000
Revenue:		
Tax levies	$ 62,271	$ 61,267
Other	2,777	3,271
Interest	629	711
	65,677	65,249
Expenditure:		
Salaries and benefits	44,471	41,557
Office premises	4,726	5,047
Professional and special services	5,371	4,681
Office	2,874	3,042
Travel	2,609	2,583
Appeal costs (note 4)	1,309	1,950
Interest (note 5)	162	279
Amortization	2,264	2,024
	63,786	61,163
Excess of revenue over expenditure for the year	$ 1,891	$ 4,086

See accompanying notes to financial statements.

British Columbia Assessment Authority

Statement of Equity

Year ended December 31, 2001, with comparative figures for 2000

(thousands of dollars)	Capital assets	Appro-priated	Unappro-priated	2001	2000
Equity, beginning of year	$ 6,790	$ 6,100	$ 1,093	$ 13,983	$ 9,897
Excess (deficiency) of revenue over expenditure for the year	(2,323)	-	4,214	1,891	4,086
Appropriation for future technology expenditures (note 3)	-	1,900	(1,900)	-	-
Transfers to equity in capital assets	2,113	-	(2,113)	-	-
Equity, end of the year	$ 6,580	$ 8,000	$ 1,294	$ 15,874	$ 13,983

See accompanying notes to financial statements.

British Columbia Assessment Authority

Statement of Cash Flows

Year ended December 31, 2001, with comparative figures for 2000

(thousands of dollars)	2001	2000
Cash provided by (used in):		
Operations:		
Excess of revenue over expenditure for the year	$ 1,891	$ 4,086
Items not involving cash:		
Amortization	2,264	2,024
Loss on disposal of capital assets	59	7
Decrease in employees' past benefits	(47)	(71)
Increase in employees' future benefits	476	138
Changes in non-cash operating working capital	(357)	476
	4,286	6,660
Investing:		
Acquisition of capital assets	(2,118)	(3,082)
Proceeds on disposal of capital assets	5	87
	(2,113)	(2,995)
Increase in cash	2,173	3,665
Cash and cash equivalents, beginning of year	13,408	9,743
Cash and cash equivalents, end of year	$ 15,581	$ 13,408

See accompanying notes to financial statements.

British Columbia Assessment Authority

Notes to Financial Statements

Year ended December 31, 2001

The British Columbia Assessment Authority ("BC Assessment") was established in 1974 by the Province of British Columbia with the enactment of the Assessment Authority Act. The purpose of BC Assessment is to establish and maintain assessments that are uniform in the whole of the province in accordance with the Assessment Act.

1. Significant accounting policies:

The financial statements of BC Assessment have been prepared by management in accordance with Canadian generally accepted accounting principles. The following is a summary of the significant accounting policies used in the preparation of these financial statements.

(a) Cash and cash equivalents:

Cash and cash equivalents include deposits in banks, certificates of deposit and short-term investments with original maturities of three months or less at the date of purchase, less bank overdrafts.

(b) Capital assets:

Capital assets are carried at cost less accumulated amortization. Amortization is determined at rates which will reduce original cost to estimated residual value over the useful life of the asset. The annual rates used to compute amortization on a straight-line basis are as follows:

Asset	Rate
Buildings	5%
Furniture and equipment	20%
Motor vehicles	20%
Software	100%
Leasehold improvements	Over the term of the lease

(c) Short-term investments:

Short-term investments are recorded at the lower of cost and market value.

(d) Employees' past benefits:

At the time of the formation of the British Columbia Assessment Authority, BC Assessment negotiated an agreement with those designated employees whose previous working agreements contained clauses that called for payment of certain benefits upon death, retirement or termination of employment. The benefits under the agreement are recognized as a long-term liability, with an amount equal to payments due within the immediate twelve months following the statement date segregated and recognized as a current liability. Adjustments to the liability resulting from changes in salary rates are charged to the current year. Payments of benefits are treated as a reduction of the liability.

Notes to Financial Statements

Year ended December 31, 2001

1. Significant accounting policies (continued):

(e) Employee benefit plans:

BC Assessment has defined benefit pension plans and defined retirement benefits plans for substantially all of its employees. In addition, BC Assessment has defined health care plans for substantially all employees.

BC Assessment and its employees contribute to the Public Service Pension Plan in accordance with the Public Sector Pension Plans Act. The Pension Corporation of the Province of British Columbia administers the Plan, including the payment of pension benefits on behalf of employers and employees to whom the Act applies. The Plan is a defined benefit pension plan. The most recent actuarial valuation (March 31, 1999) has determined the Plan is in a surplus position. All employee future benefits funded through the Public Service Pension Plan are accounted for prospectively.

Outside of the Public Service Pension Plan, BC Assessment annually accrues the future obligation under the defined retirement benefit plan as the employees render the services necessary to earn the benefit. The cost of the defined retirement benefit is calculated by management using an estimate of salary escalation and expected retirement ages. The recorded liability represents these estimated future costs discounted to a present value using market interest rates applicable to BC Assessment.

(f) Revenue:

BC Assessment, by by-law and subject to the prior approval of the Lieutenant Governor in Council, each year imposes and levies a tax upon all taxable property in the province, except on the property of the British Columbia Hydro and Power Authority. A copy of this by-law is forwarded to the Tax Collector of every municipality in the province and to the Surveyor of Taxes in order that the taxes so levied will be placed on the tax rolls. The proceeds of the taxes so levied and collected by the municipalities or the Minister of Provincial Revenue constitute BC Assessment's tax levies revenue.

Tax levy revenue is recognized when taxes are collected by the municipality or the Minister of Provincial Revenue, at which time they become due to BC Assessment.

(g) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and other expenditure during the year. Items requiring the use of significant estimates include employees' future benefits and various other expenditure accruals. Actual results could differ from these estimates.

Notes to Financial Statements

Year ended December 31, 2001

2. Capital assets:

(thousands of dollars)	Cost	Accumulated amortization	2001 Net book value	2000 Net book value
Land	$ 446	$ -	$ 446	$ 446
Buildings	2,519	588	1,931	2,057
Furniture and equipment	13,982	10,163	3,819	3,877
Leasehold improvements	149	7	142	-
Motor vehicles	1,554	1,312	242	410
	$18,650	$12,070	$ 6,580	$ 6,790

3. Equity from operations - appropriated:

BC Assessment has budgeted significant expenditures towards technology and system upgrades over the next four years to December 31, 2005. The Board of Directors has established that the funding for these costs is to be provided from accumulated equity from operations. The appropriated amount of $8,000,000 (2000 - $6,100,000) has been separately classified as a component of equity to reflect this direction by the Board.

4. Appeal costs:

Section 17 of the Assessment Authority Act requires BC Assessment to pay the amount required and requisitioned by the Minister of Community, Aboriginal and Women's Services (formerly Municipal Affairs) to cover the anticipated costs of appeals to the Property Assessment Review Panel and the Property Assessment Appeal Board. Under subsection 17(6), the amount requisitioned is paid to the government in quarterly instalments. Subsection 17(7) allows for the final instalment of the government's fiscal year to be adjusted to reflect the actual costs to the government of the appeals. For 2001, the actual costs of the appeals are not expected to differ materially from the amounts requisitioned.

5. Financing:

Under subsection 20(5) of the Assessment Authority Act, BC Assessment may, "until receipt of the proceeds of the taxes...borrow an amount not exceeding the proceeds of the taxes...and the loan must be repaid from the proceeds of the taxes".

The maximum borrowings by BC Assessment during 2001 were $20,205,867 (2000: $23,062,518).

Notes to Financial Statements

Year ended December 31, 2001

6. Commitments:

BC Assessment is committed to make payments under operating leases and contracts as follows:

(thousands of dollars)	Premises leases	Other contracts
2002	$ 3,858	$ 1,400
2003	3,742	1,400
2004	3,473	-
2005	2,597	-
2006	2,153	-
2007-2012	5,519	-
	$21,342	$ 2,800

7. Contingent liability:

BC Assessment entered into two licensing agreements for the provision of assessment information.

The agreements include a provision requiring BC Assessment to refund fees in the event that the corporation is required to terminate the agreement or modify it because of legislative change, such that the assessment information can no longer be provided substantially as contemplated by the agreement. Should this article be invoked, BC Assessment will be required to provide a refund of fees paid, in accordance with the agreement. At December 31, 2001, the amount of the potential refund is $361,327 (2000 - $261,417).

8. Related party transactions:

In the normal course of operations, BC Assessment entered into transactions with the province and certain Crown corporations, predominantly at prevailing market prices and credit terms.

The Ministry of Finance acts as fiscal agent of BC Assessment. Through this agreement, BC Assessment received interest revenue of $599,410 (2000: $649,149) on short-term investments, and paid interest charges of $153,916 (2000: $252,776).

The statement of revenue and expenditure, and equity includes the following transactions with related parties:

(thousands of dollars)	2001	2000
Other revenue	$ 340	$ 336
Payments for:		
Ministry of Community, Aboriginal and Women's Services (formerly Municipal Affairs) - appeal costs	1,309	1,950
Computing services	539	561
Postal services	149	157
Other services	378	250

Notes to Financial Statements

Year ended December 31, 2001

8. Related party transactions (continued):

Assets (liabilities) at December 31 with related parties were:

(thousands of dollars)	2001	2000
Short-term investments	$15,414	$13,314
Accounts receivable	41	96
Accounts payable	(184)	(177)

9. Supplemental cash flow information:

(a) Major components of cash and cash equivalents are as follows:

(thousands of dollars)	2001	2000
Cash	$ 167	$ 94
Short-term investments	15,414	13,314
Cash and cash equivalents, end of year	$15,581	$13,408

(b) Changes in non-cash working capital:

(thousands of dollars)	2001	2000
Current assets:		
Accounts receivable	$ 982	$ 334
Prepaid expenses	(275)	(6)
Current liabilities:		
Accounts payable and accrued liabilities	(1,064)	148
	$ (357)	$ 476

10. Subsequent events:

On December 9, 2001, the BC Assessment Board of Directors approved an Early Retirement Incentive Program and a Voluntary Departure Program as part of a workforce adjustment strategy. The programs were in effect from January 2, 2002 to February 27, 2002. BC Assessment plans to reduce the number of employees (full time equivalent) from 689 to 550 in 2002. BC Assessment will be recognizing the associated costs of these programs in operation for the year ending December 31, 2002.

11. Comparative figures:

Certain 2000 comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

Statement of Corporate Governance Practices

BC Assessment is an independent, publicly-funded corporation governed by a Board of Directors. The Board of Directors of BC Assessment provides policy direction and performance review and the Chief Executive Officer and Assessment Commissioner has responsibility for valuation and operational matters.

Members of the Board are:

Mike Thompson - Port Coquitlam, Vice Chair
Terri Barge - Smithers
Manga Basi - Delta
Eric Charman - Victoria
Deanna Hamilton - Westbank

Board Committees engage in regular and detailed review of policies, issues, and corporate finances and make recommendations to the full Board, where decisions are made. The Board Committees are:

- The **Policy, Planning and Service Audit Committee**
  - This committee works closely with BC Assessment staff to develop the Service Plan and also reviews BC Assessment's annual priorities.
  - The members of this committee are: Terri Barge (Chair), and Deanna Hamilton (Member).

- The **Human Resources and Education Committee**
  - This committee is concerned with human resources, training, and education matters.
  - The members of this committee are: Deanna Hamilton (Chair), and Manga Basi (Member).

- The **Audit and Finance Committee**
  - This committee is concerned with all matters related to the annual budget and financial policies. It also reviews BC Assessment's books on a regular basis and compares actual financial performance with budgets and forecasts.
  - The members of this committee are: Eric Charman (Chair), Mike Thompson (Member), and Manga Basi (Member).

- The **Board Executive Committee**
  - Usually the Board Chair and each Committee Chair sit on this committee.
  - Currently, all Board members are on this committee.

Head Office Directory

Head Office
1537 Hillside Avenue
Victoria, BC V8T 4Y2
Telephone: (250) 595-6211
Fax: (250) 595-6222
www.bcassessment.bc.ca

Chief Executive Officer and Assessment Commissioner	Doug Rundell
Corporate Secretary, Coordinator of Corporate Planning, and Executive Assistant to the CEO/Assessment Commissioner	Kevin Burr
Executive Director, Assessment Administration	Ed Norman
Executive Director, Assessment and Valuation Services	Stewart Wells
Executive Director, Policy, Audit, and Legal Services	John Collins
Executive Director, Corporate Services	Connie Fair
Executive Director, Community Relations and Marketing	Nancy Consaul

Glossary

Assessment

An assessment is the determination of a property's market value as of July 1 each year. On or before December 31, BC Assessment mails a Property Assessment Notice to each property owner. The Property Assessment Notice shows the property's market value and contains other important information about the property.

Assessment-to-Sales Ratio

The Assessment-to-Sales Ratio (ASR) is calculated by dividing the assessed value (as determined by BC Assessment) of a property that has sold by its actual selling price, then expressing the result as a percentage. A property with an assessed value of $243,000 that sold for $250,000, for example, would have an ASR of 97.2 per cent.

Coefficient of Dispersion

The Coefficient of Dispersion (COD) measures how closely a group of numbers is clustered around its median, or middle number. The lower the COD, the better the product.

Market Value

Market value is the price expected if a reasonable amount of time is allowed to find a purchaser and if both seller and prospective buyer are fully informed. For assessment purposes in British Columbia, market value is the most probable price that an unencumbered property would sell for on the open market on July 1.

Price-Related-Differential

The Price-Related-Differential (PRD) measures the progressivity or regressivity of assessments. Assessments are said to be regressive if high-value properties are under-assessed relative to low-value properties. Assessments are progressive if high-value properties are over-assessed. Progressivity or regressivity result in an inequitable distribution of the tax burden.

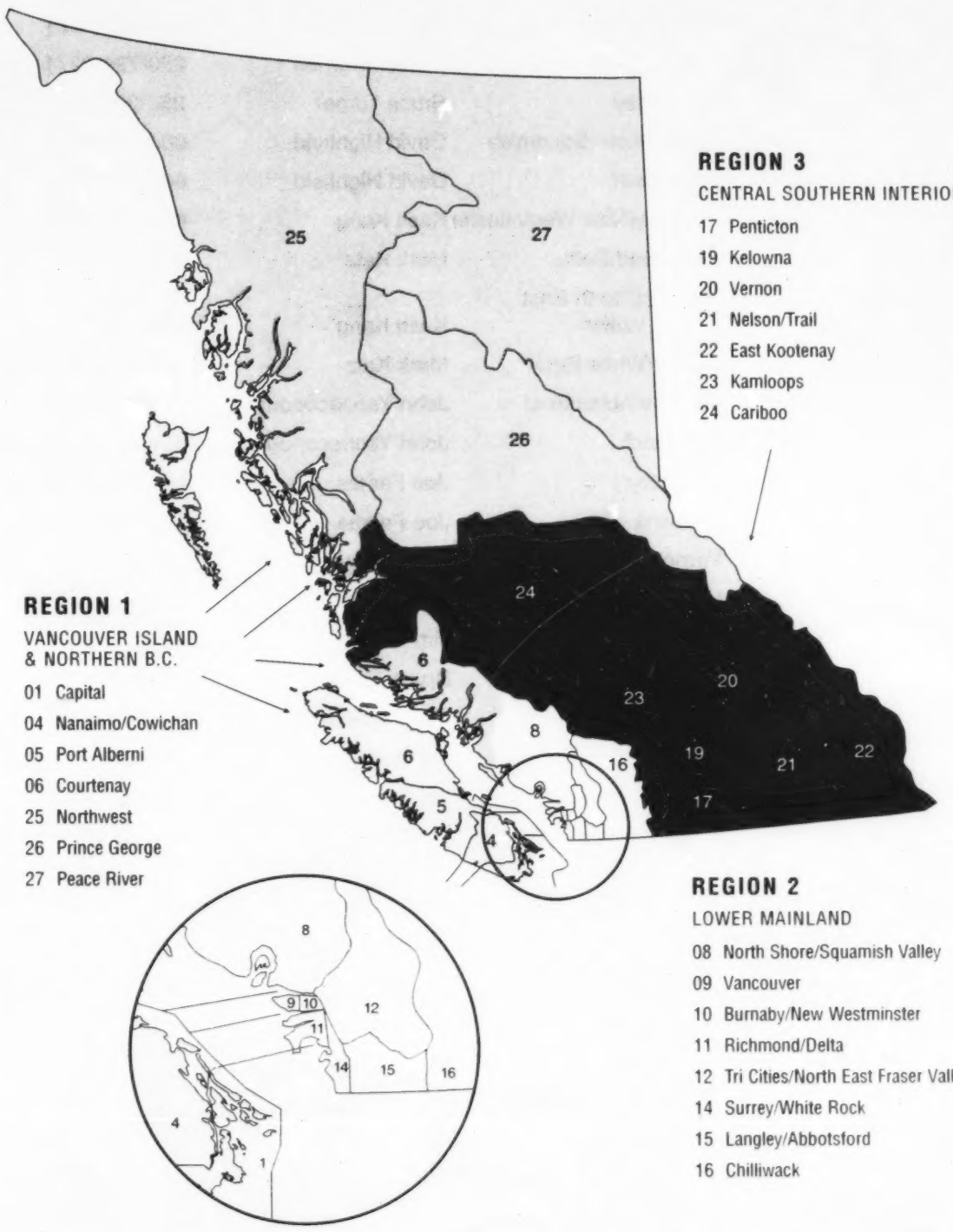
Property Assessment Review Panel

The property assessment review panel is a three-member panel appointed annually by the provincial government to review property assessments. The panel ensures that the review is fair and impartial.

The panel hears evidence to determine if a property has been valued or classified correctly, or if exemptions were properly applied. Neither the property assessment review panel nor BC Assessment has jurisdiction or control over taxes or tax rates. Only property assessments may be reviewed. Property taxes cannot be reviewed.

Property assessment review panels are independent of BC Assessment and the tax jurisdictions.

Map of British Columbia Assessment Areas



REGION 1
VANCOUVER ISLAND
& NORTHERN B.C.

01 Capital
04 Nanaimo/Cowichan
05 Port Alberni
06 Courtenay
25 Northwest
26 Prince George
27 Peace River

REGION 3
CENTRAL SOUTHERN INTERIOR

17 Penticton
19 Kelowna
20 Vernon
21 Nelson/Trail
22 East Kootenay
23 Kamloops
24 Cariboo

REGION 2
LOWER MAINLAND

08 North Shore/Squamish Valley
09 Vancouver
10 Burnaby/New Westminster
11 Richmond/Delta
12 Tri Cities/North East Fraser Valley
14 Surrey/White Rock
15 Langley/Abbotsford
16 Chilliwack

British Columbia Assessment Areas

	Office	Area Assessor	Telephone
01	Capital	Brian Hawkins	250-479-7131
04	Nanaimo/Cowichan	Peter Bretherton	250-753-6621
05	Port Alberni	William Barnes	250-724-3271
06	Courtenay	Bruce Turner	250-338-6511
08	North Shore/Squamish	David Highfield	604-984-9751
09	Vancouver	David Highfield	604-739-8588
10	Burnaby/New Westminster	Kash Kang	604-294-6441
11	Richmond Delta	Mark Katz	604-946-1341
12	TriCities/North East Fraser Valley	Kash Kang	604-465-7343
14	Surrey/White Rock	Mark Katz	604-584-1321
15	Langley/Abbotsford	John Yannacopoulos	604-850-5900
16	Chilliwack	John Yannacopoulos	604-792-3385
17	Penticton	Joe Farkas	250-492-5740
19	Kelowna	Joe Farkas	250-763-8300
20	Vernon	Jim Inverarity	250-545-2171
21	Nelson/Trail	Jim Norton	250-352-5581
22	East Kootenay	Jim Norton	250-426-8901
23	Kamloops	Bruce Tasaka	250-376-6281
24	Cariboo	Mark Wooldridge	250-392-2996
25	Northwest	Val Drebet	250-638-1116
	Prince Rupert	Val Drebet	250-624-9607
26	Prince George	Val Drebet	250-562-7215
27	Peace River	Val Drebet	250-782-8515

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British Columbia Assessment Authority.
The annual performance report for the year ... and a report on the creation of the ... assessment roll : The financial statements for the year ended ... — 1999/2000-

Annual.
Title from cover.
First report covers period 1999 to 2000.
Continues: British Columbia Assessment Authority. Report on the creation of the ... assessment roll and financial statements for the year ended Dec. 31st.. ...
ISSN 1495-8864 = Annual performance report ... and a report of the creation of the ... assessment roll

1. British Columbia Assessment Authority – Periodicals.
2. Real property tax - British Columbia - Periodicals.
3. Tax assessment - British Columbia - Periodicals.
I. Title.

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